

Exhibit 218

CONFIDENTIAL - EVAN MILAZZO 30(b)(6)
UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re: :
: Master File No.
Global Brokerage, Inc. : 1:17-cv-00916-RA
F/k/a FXCM, Inc. :
Securities Litigation :
----- :

REMOTE VIDEO DEPOSITION VIA ZOOM OF:
EVAN MILAZZO PURSUANT TO RULE 30(b)(6)
TUESDAY, DECEMBER 1, 2020

REPORTED BY:
SILVIA P. WAGE, CCR, CRR, RPR

<p style="text-align: right;">Page 42</p> <p>1 CONFIDENTIAL - EVAN MILAZZO 30(b)(6)</p> <p>2 M-cast bus, how does that differ from the</p> <p>3 information that would have been placed in the</p> <p>4 drop copies?</p> <p>5 A. The information that was placed in</p> <p>6 the drop copies were confirmed trades that had</p> <p>7 already been booked and the information that was</p> <p>8 available on multicast bus would have been quotes</p> <p>9 that were delivered by liquidity providers to</p> <p>10 FXCM. The best bid and offer stream that was</p> <p>11 generated based off of those quotes and then</p> <p>12 orders that had been matched by FXCM and were in</p> <p>13 route to a liquidity provider.</p> <p>14 Q. So information about quotes that were</p> <p>15 delivered by liquidity providers to FXCM would</p> <p>16 have been accessible to EFFEX through the</p> <p>17 multicast bus; is that correct?</p> <p>18 A. Yes, that's correct.</p> <p>19 Q. Was this information available to any</p> <p>20 other liquidity providers?</p> <p>21 A. Not the information of the individual</p> <p>22 quotes from the liquidity providers but the best</p> <p>23 bid and offer that was formed out of those quotes</p> <p>24 from the liquidity providers was available to</p> <p>25 other liquidity providers and had been provided</p>	<p style="text-align: right;">Page 44</p> <p>1 CONFIDENTIAL - EVAN MILAZZO 30(b)(6)</p> <p>2 (Stenographer clarification.)</p> <p>3 A. -- software considerations. So, from</p> <p>4 a networking standpoint, there had to be -- let's</p> <p>5 call them holes in the firewall that were opened</p> <p>6 up, specifically, throughout EFFEX to access</p> <p>7 parts of the system that we were providing them</p> <p>8 with access to. And, furthermore, from a</p> <p>9 software standpoint, there had to be integration</p> <p>10 that allowed EFFEX to receive the messages that</p> <p>11 we were sending to them.</p> <p>12 Q. Did FXCM create holes in the</p> <p>13 firewall, as you put it, for any other liquidity</p> <p>14 providers than EFFEX?</p> <p>15 A. Not to my knowledge. But we may have</p> <p>16 had it been requested.</p> <p>17 Q. To your knowledge, was it ever</p> <p>18 requested?</p> <p>19 A. Not to my knowledge.</p> <p>20 Q. Did EFFEX ever extend the offer to</p> <p>21 make this information available to any liquidity</p> <p>22 provider other than EFFEX?</p> <p>23 MR. DAHAN: Objection to form. I</p> <p>24 think you need to repeat your question.</p> <p>25 MR. LaPOINTE: Sorry.</p>
<p style="text-align: right;">Page 43</p> <p>1 CONFIDENTIAL - EVAN MILAZZO 30(b)(6)</p> <p>2 to other liquidity providers at points in time.</p> <p>3 But the reason that we provided the quotes to</p> <p>4 EFFEX was because of the high level of quality</p> <p>5 and service and execution that they provided,</p> <p>6 which was far beyond what the other liquidity</p> <p>7 providers were able to.</p> <p>8 Q. But this information wouldn't have</p> <p>9 been provided to other liquidity providers in a</p> <p>10 realtime fashion, correct?</p> <p>11 MR. DAHAN: Objection to form.</p> <p>12 A. The best bid and offer was provided</p> <p>13 in a realtime fashion with no latency. The raw</p> <p>14 quotes from the liquidity providers themselves</p> <p>15 were not.</p> <p>16 Q. So, in order to grant EFFEX access to</p> <p>17 the multicast bus, the ER database and RCFX, what</p> <p>18 permissions did you have to put in place for them</p> <p>19 to access FXCM systems?</p> <p>20 A. So, with --</p> <p>21 MR. DAHAN: Objection.</p> <p>22 Sorry. Go ahead.</p> <p>23 A. So, with any sort of technology</p> <p>24 integration between two parties, there's some</p> <p>25 networking considerations and then --</p>	<p style="text-align: right;">Page 45</p> <p>1 CONFIDENTIAL - EVAN MILAZZO 30(b)(6)</p> <p>2 Q. Did FXCM ever extend the offer to</p> <p>3 make this information available to any liquidity</p> <p>4 provider other than EFFEX?</p> <p>5 A. I'm not certain.</p> <p>6 Q. How would EFFEX have accessed this</p> <p>7 information?</p> <p>8 MR. DAHAN: Objection to form.</p> <p>9 A. So, as I mentioned earlier, we</p> <p>10 created firewall access rules that they were able</p> <p>11 to gain access to the information and assisted in</p> <p>12 the development of software integration in order</p> <p>13 for them to be able to receive and process the</p> <p>14 messages themselves.</p> <p>15 Q. And do you recall what the nature of</p> <p>16 that software integration was?</p> <p>17 A. I do. We created what we called</p> <p>18 "adapters," which was common for any type of</p> <p>19 third-party software integration that we did. It</p> <p>20 was, basically, a piece of software that would</p> <p>21 help to communicate between FXCM internal</p> <p>22 messages and what we wanted to expose through an</p> <p>23 interface to a third party.</p> <p>24 Q. And do the "adapters," as you</p> <p>25 described them, differ from what is commonly</p>

<p style="text-align: right;">Page 114</p> <p>1 CONFIDENTIAL - EVAN MILAZZO 30(b)(6)</p> <p>2 important factors for them to be able to compete</p> <p>3 effectively is the speed of their system and</p> <p>4 speed of their networking.</p> <p>5 So, as a result of EFFEX being able</p> <p>6 to have much shorter roundtrip time, so lower</p> <p>7 latency than the other liquidity providers, they</p> <p>8 started to compete more actively and it became</p> <p>9 much more common place for liquidity providers to</p> <p>10 be co-located with us as well.</p> <p>11 So, at this point in time, there's</p> <p>12 not a single liquidity provider we deal with who</p> <p>13 is not co-located in one of the Equinix data</p> <p>14 centers in North Bergen, New Jersey like we are.</p> <p>15 At the time that we first started integrating</p> <p>16 with EFFEX, I don't remember if there were any.</p> <p>17 But it certainly was nowhere near, you know,</p> <p>18 majority of the liquidity providers who were. So</p> <p>19 it definitely had a positive impact for our</p> <p>20 customer base in total because of the reductions</p> <p>21 in latency that we had across all the LPs or</p> <p>22 liquidity providers.</p> <p>23 Q. And at the time that this was sent,</p> <p>24 was EFFEX the only liquidity provider that was</p> <p>25 co-located with FXCM servers?</p>	<p style="text-align: right;">Page 116</p> <p>1 CONFIDENTIAL - EVAN MILAZZO 30(b)(6)</p> <p>2 you know, the time period that we're looking at</p> <p>3 for the data in this memorandum was from</p> <p>4 April 2011 to January 2015. So it was a gradual</p> <p>5 process as those liquidity providers made</p> <p>6 co-location available and then set up their</p> <p>7 networking that facilitated that co-location. So</p> <p>8 I don't remember exactly when each one of them</p> <p>9 did it. By 2015 most if not all would have, but</p> <p>10 it would have been a gradual process one</p> <p>11 liquidity provider at a time during that period</p> <p>12 of time.</p> <p>13 Q. And here it discusses that</p> <p>14 historically liquidity providers would not agree</p> <p>15 because of their own IT security policies.</p> <p>16 Do you see that?</p> <p>17 A. Yes, I do.</p> <p>18 Q. Did any of FXCM's liquidity providers</p> <p>19 other than EFFEX express what issues co-location</p> <p>20 would pose to their internal security policies?</p> <p>21 A. I don't recall ever being part of</p> <p>22 conversations related to that. But I can say</p> <p>23 that in order to have the trust to be able to</p> <p>24 deploy your systems outside the data center that</p> <p>25 you're managing entirely, you have to put the</p>
<p style="text-align: right;">Page 115</p> <p>1 CONFIDENTIAL - EVAN MILAZZO 30(b)(6)</p> <p>2 A. No, definitely not. By this point</p> <p>3 most if not all of the liquidity providers had</p> <p>4 been co-located.</p> <p>5 Q. So moving onto the next paragraph,</p> <p>6 which begins, subparagraph B. "EFFEX has</p> <p>7 co-located to FXCM's servers. FXCM requested</p> <p>8 similar arrangements with other liquidity</p> <p>9 providers. However, other liquidity providers</p> <p>10 historically would not agree because of their own</p> <p>11 internal IT security policies. Co-location</p> <p>12 dramatically reduces the normal communication</p> <p>13 delays associated with Internet connections</p> <p>14 between a liquidity provider and FXCM,</p> <p>15 dramatically reducing the instances of rejections</p> <p>16 due to fast/volatile market movement and</p> <p>17 dramatically increasing the ability of FXCM's</p> <p>18 clients to obtain the best bid/offer displayed by</p> <p>19 FXCM."</p> <p>20 Do you see that?</p> <p>21 A. Yes, I do.</p> <p>22 Q. So, at the time this was written,</p> <p>23 other liquidity providers had already begun to</p> <p>24 co-locate with FXCM servers?</p> <p>25 A. Yes, I believe so. But that process,</p>	<p style="text-align: right;">Page 117</p> <p>1 CONFIDENTIAL - EVAN MILAZZO 30(b)(6)</p> <p>2 trust into hosting company like Equinix and</p> <p>3 there's a reason why if you take a look at</p> <p>4 Equinix's publically traded stock, for example,</p> <p>5 it started to skyrocket in price in the, you</p> <p>6 know, 2011, 2012 period, as more of these</p> <p>7 companies started to co-locate there and high</p> <p>8 frequency trading became common.</p> <p>9 So, because we were dealing with</p> <p>10 large multi-national banks who have very very</p> <p>11 strict requirements for security, they would have</p> <p>12 been much more hesitant to move forward with</p> <p>13 trusting a third-party company for the hosting of</p> <p>14 its services. So that's just a natural kind of</p> <p>15 evolution of the market that was, you know,</p> <p>16 predicated by the fact that some providers like</p> <p>17 EFFEX started co-locating first and the others</p> <p>18 had to catch up afterwards.</p> <p>19 Q. When other price providers began to</p> <p>20 co-locate with EFFEX, did they receive the same</p> <p>21 enhanced access to FXCM's systems that EFFEX was</p> <p>22 granted, as described in earlier in your</p> <p>23 testimony?</p> <p>24 THE WITNESS: Israel, you're muted.</p> <p>25 MR. DAHAN: I think you need to</p>

<p style="text-align: right;">Page 118</p> <p>1 CONFIDENTIAL - EVAN MILAZZO 30(b)(6)</p> <p>2 repeat that question. I think you said when</p> <p>3 EFFEX co-located with other liquidity providers.</p> <p>4 MR. LaPOINTE: Let me make sure.</p> <p>5 I'll strike the previous one and attempt to</p> <p>6 rephrase.</p> <p>7 MR. DAHAN: Okay.</p> <p>8 Q. Would other price providers -- sorry.</p> <p>9 When other price providers began to</p> <p>10 co-locate with EFFEX, did they receive the same</p> <p>11 enhanced access to being FXCM's systems that</p> <p>12 EFFEX was granted as described earlier in your</p> <p>13 testimony?</p> <p>14 MR. DAHAN: Brent, again, they don't</p> <p>15 co-locate with EFFEX. I think you meant did they</p> <p>16 co-locate with FXCM.</p> <p>17 MR. LaPOINTE: That may be true.</p> <p>18 Strike again.</p> <p>19 Q. Would other price providers -- when</p> <p>20 other price providers began to co-locate with</p> <p>21 FXCM, did they receive the same enhanced access</p> <p>22 to FXCM's systems that EFFEX was granted that was</p> <p>23 described earlier in your testimony?</p> <p>24 A. So, no, that's not just a natural</p> <p>25 effect of co-location itself. EFFEX was still</p>	<p style="text-align: right;">Page 120</p> <p>1 CONFIDENTIAL - EVAN MILAZZO 30(b)(6)</p> <p>2 exactly the same way so that the frequency with</p> <p>3 updates and the best bid and offer doesn't depend</p> <p>4 on the latency from the liquidity provider</p> <p>5 itself.</p> <p>6 Q. So moving on to the paragraph below</p> <p>7 that labeled, "Depth of Liquidity." This begins,</p> <p>8 "FXCM insists that EFFEX match the best bid or</p> <p>9 best offer from FXCM's other liquidity providers</p> <p>10 over 80 percent of the time for major currency</p> <p>11 payors and almost 100 percent of the time for</p> <p>12 currency crosses."</p> <p>13 Do you see that?</p> <p>14 A. Yes, I do.</p> <p>15 Q. How was this accomplished, this</p> <p>16 insistence?</p> <p>17 A. How was the insistence accomplished?</p> <p>18 Q. Yes.</p> <p>19 A. So we had a liquidity management team</p> <p>20 who corresponded regularly with all of our</p> <p>21 liquidity providers. If this was one of the</p> <p>22 objectives that was set forth for EFFEX, than</p> <p>23 that would have been communicated to them and</p> <p>24 then we would have been monitoring that through</p> <p>25 the reports that the liquidity management team</p>
<p style="text-align: right;">Page 119</p> <p>1 CONFIDENTIAL - EVAN MILAZZO 30(b)(6)</p> <p>2 providing higher quality service in terms of</p> <p>3 pricing, execution, rejection rates, et cetera,</p> <p>4 than the other providers. Like I said earlier,</p> <p>5 if they had requested it, we would have</p> <p>6 considered it. But just as a result of</p> <p>7 co-location, that didn't happen.</p> <p>8 Q. But, to your knowledge, no other</p> <p>9 liquidity providers ever requested it?</p> <p>10 MR. DAHAN: Requested what?</p> <p>11 MR. LaPOINTE: That enhanced access.</p> <p>12 MR. DAHAN: Oh, okay.</p> <p>13 A. Yeah, again, I'm not sure.</p> <p>14 Q. As a result of reduced latency during</p> <p>15 the time when EFFEX was the sole price provider</p> <p>16 that was co-located with FXCM's servers, were</p> <p>17 EFFEX's changes in pricing reflected more quickly</p> <p>18 than other liquidity providers?</p> <p>19 A. Yes, they would have been, if you</p> <p>20 look at it from the perspective of how long it</p> <p>21 took for that quote to get from EFFEX to the FXCM</p> <p>22 system versus how long it took for the quote to</p> <p>23 get from the liquidity provider to FXCM. But</p> <p>24 inside -- once the quotes were inside of the FXCM</p> <p>25 network, all quotes are treated and handled in</p>	<p style="text-align: right;">Page 121</p> <p>1 CONFIDENTIAL - EVAN MILAZZO 30(b)(6)</p> <p>2 put together to communicate that to EFFEX and</p> <p>3 make sure that they were upholding that metric.</p> <p>4 Q. Was there a written agreement between</p> <p>5 FXCM and EFFEX that proscribed that metric?</p> <p>6 A. I'm not certain.</p> <p>7 Q. Alright. I'm going to show you</p> <p>8 another document.</p> <p>9 MR. DAHAN: Yeah, Brent, just so you</p> <p>10 know, I'm going to cut out in five minutes. I</p> <p>11 have a client call for a half hour, but Chelsea</p> <p>12 will continue.</p> <p>13 MR. LaPOINTE: Okay.</p> <p>14 MR. DAHAN: And I'll be back around</p> <p>15 4:45.</p> <p>16 MR. LaPOINTE: That's fine. I'll</p> <p>17 expect we'll still be going at that point.</p> <p>18 (Deposition Exhibit 15, e-mail to</p> <p>19 Matt Childers from Alexander Dick GLBR_00041753</p> <p>20 to GLBR_00041757 marked Confidential, was marked</p> <p>21 for identification.)</p> <p>22 Q. So I'm marking this as Exhibit</p> <p>23 No. 15. Once again, just let me know when you're</p> <p>24 able to see it. And I'll give you some time to</p> <p>25 review.</p>